

Comcast settles Oregon property tax dispute, will pay \$155 million

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Gov. Kate Brown wants local governments to use the money to pay down their pension obligations. (Cindy Ord/Getty Images)

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The Oregonian/OregonLive

Comcast will pay Oregon local governments \$155 million to resolve a decadelong legal fight under terms of a legal settlement announced Monday.

Additionally, Comcast will drop its bid to take advantage of a tax break for internet service providers. It will pay more property taxes in future years as a result of Monday's deal.

Even so, the settlement allows Comcast to pay \$45 million less in back taxes than the state believed the company owed. Local governments embraced the deal anyway because it ends uncertainty over when or whether Oregon counties, cities and school districts would have access to the money.

Gov. Kate Brown said she hopes the governments will use the windfall to help pay down their pension obligations, and the mayors of Portland, Beaverton and Eugene all said they will support that request.

The cable TV company's fight with Oregon tax collectors dates to 2009, when the state changed its methodology for assessing Comcast's telecommunications equipment. It's a wonky topic that ultimately had a major impact on local government finances.

Faced with higher taxes under the new methodology, Comcast sued. The case went through years of appeals before the Oregon Supreme Court ruled against Comcast [in 2014](#).

The company didn't pay up, though, continuing to contest aspects of the Oregon tax law.

The Oregon Department of Revenue estimated Comcast's tax liability before the settlement at \$200 million.

So Monday's \$155 million agreement leaves millions of dollars on the table that Oregon might have wrung from Comcast in court. Still, Wendy Johnson from the League of Oregon Cities said her members are pleased with the deal because it resolves years of uncertainty and lost revenue.

"It's an end to what could go on for many more years," she said. "We're happy to see an ending and have transparency and clarity going forward."

The League is also behind the governor's proposal to put the money toward Oregon Public Employees Retirement System obligations, Johnson said.

"PERS and property taxes are our two largest priorities," she said.

Even as Comcast fought over its past property taxes, the company had been seeking new property tax breaks originally intended to lure Google Fiber to the Portland area.

[Google jilted Portland](#) in 2016, opting not to offer its own high-speed internet service here. The tax break remained on the books, though, and Comcast moved to capitalize. It [successfully lobbied](#) to stop a repeal of the so-called "gigabit tax break" during this year's short legislative session.

In Monday's settlement Comcast agreed to withdraw its application for the gigabit tax break, which offered property tax exemptions to high-speed internet service providers.

"We are pleased to reach a compromise with the State of Oregon," said Rodrigo Lopez, Comcast's vice president for Oregon and Southwest Washington. "This agreement gives local communities certainty around funding, provides Comcast predictability on property taxes, and enables us to continue to make significant investments in Oregon."

Money from Monday's settlement will flow to local governments in 10 counties. Past surveys of Comcast's liabilities showed that most of money was in places where the company had the largest operations -- primarily Multnomah and Washington counties.

The governor hailed the deal Monday and issued a statement calling on local government to use their share of Comcast's payment to address underfunded pensions. Last winter, the Oregon Legislature [created an incentive fund](#) that matches -- at 25 cents on the dollar -- money that local governments spend to pay down their pension obligations.

"Having local jurisdictions dedicate funds to paying down their own PERS liabilities will help demonstrate to the legislature that local governments are taking their fiscal obligations seriously," Brown said. She said she hopes that if local governments pay down their pension liabilities now it will persuade the Legislature to appropriate more money in the future.

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